



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
CLAYTON SCHENCK

DATE: February 10, 2006

TO: Legislative Finance Committee

FROM: Greg DeWitt, Fiscal Analyst

RE: Budget Amendment for Federal Flood Control Funds

Included in the budget amendment report for the March 2006 Legislative Finance Committee meeting is a budget amendment requested by the Department of Administration to increase appropriation authority to transfer to counties federal revenue received in association with the federal Flood Control Act. After reviewing the budget amendment request, staff has no concerns with the budget amendment, but questions whether a more appropriate appropriation for the associated funds would be a statutory appropriation instead of temporary appropriations in HB 2 and augmented with a budget amendment when interim receipt of federal revenue exceeds the HB 2 appropriation.

For flood control payments, Montana law already specifies:

- 1) that all such federal revenue shall be distributed to the appropriate counties; and
- 2) how the funds received by the counties shall be distributed and expended.

State receipt of Flood Control Act revenues is reliant on federal management and lease practices on flood control lands. The following figure shows how volatile the flood control payments have been from FY 2000 to FY 2006. Although it limits their use, the legislature has typically provided statutory appropriations when payments must be made and the amount of revenue collected or payments received cannot, with reasonableness, be predicted for the purpose of providing a temporary appropriation. Statute requires that payments must be made, and as the figure shows, an argument could be made that the revenue cannot reasonably be predicted.

Agency: 61010 - Department of Administration			
Fund: 03369 - Flood Control Payments			
Fiscal Year	Fiscal Year Total	% Difference From Avg.	% Difference From Previous
2000	\$22,134	-10%	
2001	22,488	-9%	102%
2002	26,490	7%	118%
2003	15,892	-36%	60%
2004	33,201	35%	209%
2005	18,158	-26%	55%
2006	<u>34,222</u>	39%	188%
Total	\$172,585		
Average	\$24,655		

COMMITTEE ACTION

The committee may want to consider requesting legislation to provide a statutory appropriation for federal flood control payments. If the committee concurs through a positive vote, staff would request legislation for review at the June meeting to provide for a statutory appropriation.

If the committee does not concur, appropriations would continue to be made as the status quo, with initial flood control payments funded every two years by the legislature in a temporary appropriation of HB 2. As flood control payments are received from the federal government for distribution, the Department of Administration would request a budget amendment to make the additional distribution to the counties.

C: Clayton Schenck, LFA
Christi Meyer, OBPP
Janet Kelly, DOA
Steve Bender, DOA

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